

**CITY OF CLIVE**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**June 30, 2005**

# CITY OF CLIVE

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## CITY OF CLIVE

### CITY OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Les Aasheim . . . . .	Mayor . . . . .	Dec 2005
John Edwards . . . . .	Council Member . . . . .	Dec 2007
Paul Leighton . . . . .	Council Member . . . . .	Dec 2005
Dan Clute . . . . .	Council Member . . . . .	Dec 2007
Ronni Begleiter . . . . .	Council Member . . . . .	Dec 2005
Scot Cirksema . . . . .	Council Member . . . . .	Dec 2007
Dennis Henderson . . . . .	Manager . . . . .	Indefinite
Pamela Shannon . . . . .	Clerk/Treasurer . . . . .	Indefinite
James Wine . . . . .	Attorney . . . . .	Indefinite
Frank Harty . . . . .	Assistant Attorney . . . . .	Indefinite
Jill Stevenson . . . . .	Assistant Attorney . . . . .	Indefinite



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**Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Clive, Iowa as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Clive's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the aforementioned financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Clive at June 30, 2005, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2005 on our consideration of the City of Clive's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 10 and 31 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the aforementioned financial statements that collectively comprise the City of Clive's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

West Des Moines, Iowa  
August 29, 2005

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Clive provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **FINANCIAL HIGHLIGHTS**

- The City's governmental funds' receipts increased 34%, or approximately \$5,818,000, from fiscal year 2004 (FY04). Property tax increased approximately \$1,200,000 due to increased property valuations. Bond proceeds increased \$1,635,000.
- City program disbursements decreased 39%, or approximately \$6,735,000, from FY04. Community and economic development, public safety, culture and recreation, capital projects and general government expense increased approximately \$2,983,000, \$641,000, \$617,000, 2,842,000 and \$88,000, respectively. Debt service decreased \$715,000.
- The City's total cash basis net assets at June 30, 2005 decreased approximately 1.2%, or approximately \$159,000, from June 30, 2004. Of this amount, the assets of the governmental activities decreased \$155,000 and the assets of the business-type activities decreased by approximately \$4,000.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Government-wide Financial Statements consists of a statement of activities and net assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other supplementary information provides detail in information about the nonmajor governmental funds, in addition, the Schedule of Capital Projects provides information about the various projects of the City and the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

## **Basic of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The fund financial statements begin on page 12 and provide detailed information about individual, significant funds; not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to help it control and manage money for particular purposes.

The City has three kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Fund. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for Governmental funds include a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

2) Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report business-type activities. The City maintains three Enterprise Funds to provide separate information for the water, and sewer funds, considered to be major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

3) Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the City's own programs. The City of Clive has only agency funds to report within the Fiduciary Fund category.

Reconciliations between the government-wide statements and the fund financial statements follow the fund financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### Government Activities

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$9.99 million to \$9.84 million. The analysis that follows focuses on the changes in cash balances.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2005	2004
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 1,897	\$ 1,422
Operating grants, contributions and restricted interest	1,263	1,161
Capital grants, contributions and restricted interest	3,888	1,436
General receipts:		
Property tax	10,183	8,983
Other City taxes	1,022	929
Grants and contributions not restricted to specific purposes	4	20
Unrestricted investment earnings	180	135
Bond proceeds	4,300	2,665
Other general receipts	251	419
Transfers, net	909	137
Total receipts and transfers	23,897	17,307
Disbursements:		
Public safety	4,246	3,605
Public works	1,708	1,435
Health and social services	25	19
Culture and recreation	2,607	1,990
Community and economic development	5,142	2,159
General government	1,594	1,506
Debt service	2,175	2,890
Capital projects	6,555	3,713
Total disbursements	24,052	17,317
Increase (decrease) in cash basis net assets	(155)	(10)
Cash basis net assets beginning of year	9,994	10,004
Cash basis net assets end of year	\$ 9,839	\$ 9,994



The City's total receipts for governmental activities increased by 34 percent \$5,818,000. The total cost of all programs and services increased by approximately \$6,735,000 or 39 percent with no new programs added this year. The increase in receipts was due to additional issuance of general obligation bonds (\$1,635,000), federal grant money received for road widening (\$3,165,000) and increased property tax revenue (\$1,200,000).

Based on increases in the total assessed valuation and expanded tax increment finance districts, property tax receipts are budgeted to increase by an additional \$454,544 next year.

The cost of all governmental activities this year was \$24.05 million compared to \$17.32 million last year. However, as shown in the statement of activities and net assets on page 11, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$17.004 million because some of the cost was paid by those directly benefited from the programs (\$1,897,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,151,000). Overall, the City's governmental program receipts, including intergovernmental aid and fees for service, increased in 2005 from approximately \$4,019,000 to approximately \$7,048,000, principally due to an increase in capital grants, contributions and restricted interest and gross revenue from the garbage collections. The City paid for the remaining public benefit portion of governmental activities with approximately \$11,205,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business-Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2005	2004
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 2,259	\$ 2,498
Sewer	1,594	1,854
General receipts:		
Other general receipts	260	257
Total receipts	<u>4,113</u>	<u>4,609</u>
Disbursements:		
Water	1,936	2,129
Sewer	1,272	2,645
Transfers	909	137
Total disbursements and transfers	<u>4,117</u>	<u>4,911</u>
Increase (decrease) in cash basis net assets	(4)	(302)
Cash basis of net assets beginning of year	<u>2,827</u>	<u>3,129</u>
Cash basis net assets end of year	<u>\$ 2,823</u>	<u>\$ 2,827</u>

Total business-type activities receipts for the fiscal year were \$4.113 million compared to \$4.609 million last year. This decrease was due primarily to the decrease in service and sales receipts. The cash balance decreased by approximately \$4,000 from the prior year. Total disbursements and transfers for the fiscal year decreased by approximately 16 percent to a total of \$4.117 million because the sewer revenue bonds were called and paid off in the prior year and decreased services needed due to weather conditions.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Clive completed the year, its governmental funds reported a combined fund balance of \$9,663,576, a decrease of more than \$198,144 below last year's total of \$9,861,720. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash balance of the General Fund was \$3,114,855, a decrease of \$206,705 from the prior year. Most of this decrease was due to increased staffing in several departments.
- The Urban Renewal Tax Increment Fund was established to account for major urban renewal projects within the City's TIF districts. At the end of the fiscal year, the cash balance was \$2,001,673, an increase of \$1,012,729 from the previous year. The increase was the result of an increase in projected debt both internally and the sale of bonds. These proceeds will be used for various development projects within the TIF district. Any debt will be paid off with incremental property taxes generated from the increased taxable valuation in the district.
- The Debt Service Fund cash balance decreased by \$14,362 to \$116,420. This decrease was due to an increase in debt payments. Bond principal and interest payments increased by \$38,306.
- The Capital Projects Fund was established to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through Enterprise Funds. At the end of the fiscal year, the cash balance was \$4,081,719, a decrease of \$417,148 from the prior year. Costs paid for completion of various capital projects including the north water tower account for most of the decrease.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

The cash balance of the Sewer Fund increased by \$70,807 to \$1,750,878 due primarily to decreased debt service payments.

The cash balance of the Water Fund decreased by \$84,219 to \$887,428 due primarily to a decrease in the sale of water and sewer services.

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. The amendment was approved on June 2, 2005 to provide for additional expenditures in certain City departments. The City had sufficient cash balances to absorb these additional costs.

## **DEBT ADMINISTRATION**

At year-end, the City had approximately \$25,751,000 in bonds and other long-term debt compared to approximately \$22,474,000 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2005	2004
General obligation bonds	\$ 20,355	\$ 17,405
Urban renewal tax increment financing revenue bonds	-	3,055
Revenue bonds	718	939
Loans	4,667	1,057
Capital leases	11	18
Total	<u>\$ 25,751</u>	<u>\$ 22,474</u>

Debt decreased as a result of prepayment of TIF bonds.

The City's general obligation bond rating continues to carry an Aa2 rating, a rating that has been assigned by national rating agencies to the City's debt. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$20.36 million is well below the City's \$70.4 million legal debt limit.

More detailed information about the City's long-term liabilities is presented in Notes 3, 4 and 5 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials and citizens considered many factors when setting the 2005 fiscal year budget, tax rates, and fees that will be charged for various City activities. One of those factors is the economy. The City's population growth since the 1990 census stands at 41.68%. Unemployment in the greater Des Moines area stands at 3.7 percent. This compares with the state unemployment rate of 4.5 percent.

The U.S. Consumer Price Index (CPI) is a measure of the changes in retail prices of a fixed market grouping of consumer goods and services. The CPI-U for July 2004 was 189.4. For the 12 month period that ended in July, the CPI-U increased 2.9 percent.

These indicators were taken into account when adopting the budget for 2006. Amounts available for appropriation in the budget are \$27.4 million, a decrease of 22 percent over the final 2005 budget. Budgeted disbursements are expected to decrease by approximately \$4 million.

If these estimates are realized, the City's budgeted general fund cash balance is expected to decrease by approximately \$768,000 by the close of fiscal year 2006.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Pamela Shannon, City Clerk, Clive, Iowa 50325.

## **Basic Financial Statements**

CITY OF CLIVE

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2005

	Disbursements	Program Receipts			Net (Disbursements)Receipts and Changes in Cash Basis Net Assets		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Public safety	\$ 4,245,956	\$ 419,417	\$ 314	\$ -	\$ (3,826,225)	\$ -	\$(3,826,225)
Public works	1,707,988	383,858	1,069,327	-	(254,803)	-	(254,803)
Health and social services	25,369	-	-	-	(25,369)	-	(25,369)
Culture and recreation	2,606,883	606,884	46,932	12,458	(1,940,609)	-	(1,940,609)
Community and economic development	5,141,749	428,648	245	-	(4,712,856)	-	(4,712,856)
General government	1,593,672	58,601	145,863	-	(1,389,208)	-	(1,389,208)
Debt service	2,175,511	-	-	-	(2,175,511)	-	(2,175,511)
Capital projects	6,554,904	-	-	3,875,593	(2,679,311)	-	(2,679,311)
Total governmental activities	24,052,032	1,897,408	1,262,681	3,888,051	(17,003,892)	-	(17,003,892)
Business-type activities:							
Water	1,935,895	2,259,115	-	-	-	323,220	323,220
Sewer	1,273,071	1,593,878	-	-	-	320,807	320,807
Total business-type activities	3,208,966	3,852,993	-	-	-	644,027	644,027
Total	\$27,260,998	\$5,750,401	\$1,262,681	\$3,888,051	(17,003,892)	644,027	(16,359,865)
General receipts:							
Property tax levied for:							
General purposes					6,092,281	-	6,092,281
Tax increment financing					2,693,206	-	2,693,206
Debt service					1,398,392	-	1,398,392
Hotel/motel tax					1,021,944	-	1,021,944
Grants and contributions not restricted to specific purpose					4,187	-	4,187
Unrestricted investment earnings					179,880	-	179,880
Bond proceeds					4,300,000	-	4,300,000
Miscellaneous					208,438	260,463	468,901
Sale of capital assets					42,189	-	42,189
Transfers					908,651	(908,651)	-
Total general receipts and transfers					16,849,168	(648,188)	16,200,980
Change in cash basis net assets					(154,724)	(4,161)	(158,885)
Cash basis net assets beginning of year					9,993,929	2,826,896	12,820,825
Cash basis net assets end of year					\$ 9,839,205	\$2,822,735	\$12,661,940
<b>Cash Basis Net Assets</b>							
Restricted:							
Streets					\$ 316,940	\$ -	\$ 316,940
Urban renewal purposes					2,001,673	-	2,001,673
Debt service					116,420	-	116,420
Other purposes					4,289,317	184,429	4,473,746
Unrestricted					3,114,855	2,638,306	5,753,161
Total cash basis net assets					\$ 9,839,205	\$2,822,735	\$12,661,940

See notes to financial statements.

CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2005

	Special Revenue				Other Nonmajor	
	General	Urban Renewal Tax Increment	Debt Service	Capital Projects	Governmental Funds	Total
Receipts:						
Property tax	\$ 6,092,281	\$ -	\$1,398,392	\$ -	\$ -	\$ 7,490,673
Tax increment financing collections	-	2,693,206	-	-	-	2,693,206
Other City tax	1,021,944	-	-	-	-	1,021,944
Licenses and permits	452,787	-	-	-	-	452,787
Uses of money and property	200,447	244	-	169,113	647	370,451
Intergovernmental	166,075	-	-	3,473,463	1,069,838	4,709,376
Charges for service	1,442,860	-	-	-	-	1,442,860
Special assessments	-	-	-	137,366	-	137,366
Miscellaneous	189,472	-	-	95,651	42,682	327,805
Total receipts	9,565,866	2,693,450	1,398,392	3,875,593	1,113,167	18,646,468
Disbursements:						
Operating:						
Public safety	4,223,482	-	-	-	22,474	4,245,956
Public works	671,256	-	-	-	1,036,732	1,707,988
Health and social services	25,369	-	-	-	-	25,369
Culture and recreation	2,595,915	-	-	-	10,968	2,606,883
Community and economic development	1,019,503	4,122,246	-	-	-	5,141,749
General government	1,593,672	-	-	-	-	1,593,672
Debt service	-	227,439	1,948,072	-	-	2,175,511
Capital projects	-	-	-	6,554,904	-	6,554,904
Total disbursements	10,129,197	4,349,685	1,948,072	6,554,904	1,070,174	24,052,032
Excess (deficiency) of receipts over (under) disbursements	(563,331)	(1,656,235)	(549,680)	(2,679,311)	42,993	(5,405,564)
Other financing sources (uses):						
Bond proceeds	300,000	1,970,000	36,628	1,993,372	-	4,300,000
Sale of assets	42,189	-	-	-	-	42,189
Operating transfers in	817,437	780,464	498,700	1,404,508	-	3,501,109
Operating transfers (out)	(803,000)	(81,500)	(10)	(1,135,717)	(615,651)	(2,635,878)
Total other financing sources (uses)	356,626	2,668,964	535,318	2,262,163	(615,651)	5,207,420
Net change in cash balances	(206,705)	1,012,729	(14,362)	(417,148)	(572,658)	(198,144)
Cash balances beginning of year	3,321,560	988,944	130,782	4,498,867	921,567	9,861,720
Cash balances end of year	\$ 3,114,855	\$ 2,001,673	\$ 116,420	\$ 4,081,719	\$ 348,909	\$ 9,663,576
Cash Basis Fund Balances						
Reserved:						
Debt service	\$ -	\$ -	\$ 116,420	\$ -	\$ -	\$ 116,420
Unreserved:						
General fund	3,114,855	-	-	-	-	3,114,855
Special revenue funds	-	2,001,673	-	-	348,909	2,350,582
Capital projects fund	-	-	-	4,081,719	-	4,081,719
Total cash basis fund balances	\$ 3,114,855	\$ 2,001,673	\$ 116,420	\$ 4,081,719	\$ 348,909	\$ 9,663,576

See notes to financial statements.

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CITY OF CLIVEReconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Statement of Activities and Net Assets -  
*Governmental Funds*

As of and for the year ended June 30, 2005

**Total governmental funds cash balances (page 12)** \$ 9,663,576*Amounts reported for governmental activities in the Statement of Activities  
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of partial self funding of the equipment replacement. The assets of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.

175,629**Cash basis net assets of governmental activities (page 11)**\$ 9,839,205**Net change in cash balances (page 12)**

\$ (198,144)

*Amounts reported for governmental activities in the Statement of Activities  
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of equipment replacement to individual funds. The change on net assets of the Internal Service Fund is reported with governmental activities.

43,420**Change in cash balance of governmental activities (page 11)**\$ (154,724)

See notes to financial statements.

## CITY OF CLIVE

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
*Proprietary Funds*

As of and for the year ended June 30, 2005

	Enterprise Funds				Internal Service Fund
	Water	Sewer	Water Utility Deposits	Total	Equipment Replacement
Operating receipts:					
Charges for service	\$2,259,115	\$1,593,878	\$ -	\$3,852,993	\$ -
Miscellaneous	218,492	-	41,970	260,462	-
Total operating receipts	2,477,607	1,593,878	41,970	4,113,455	-
Operating disbursements:					
Business-type activities	1,657,692	1,198,161	32,720	2,888,573	-
Total operating disbursements	1,657,692	1,198,161	32,720	2,888,573	-
Excess of operating receipts over operating disbursements	819,915	395,717	9,250	1,224,882	-
Non-operating receipts (disbursements):					
Debt service	(245,483)	(74,910)	-	(320,393)	-
Total non-operating receipts (disbursements)	(245,483)	(74,910)	-	(320,393)	-
Excess of receipts over disbursements	574,432	320,807	9,250	904,489	-
Other financing sources (uses)					
Operating transfers in	-	2	-	2	325,000
Operating transfers out	(658,651)	(250,002)	-	(908,653)	(281,580)
Total other financing sources (uses)	(658,651)	(250,000)	-	(908,651)	43,420
Net change in cash balances	(84,219)	70,807	9,250	(4,162)	43,420
Cash balances beginning of year	971,647	1,680,071	175,179	2,826,897	132,209
Cash balances end of year	\$ 887,428	\$1,750,878	\$184,429	\$2,822,735	\$ 175,629
<b>Cash Basis Fund Balances</b>					
Unreserved	\$ 887,428	\$1,750,878	\$184,429	\$2,822,735	\$ 175,629
Total cash basis fund balances	\$ 887,428	\$1,750,878	\$184,429	\$2,822,735	\$ 175,629

See notes to financial statements.



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**CITY OF CLIVE****Statement of Cash Receipts, Disbursements and Changes in Cash Balances**  
*Fiduciary Funds*

Year ended June 30, 2005

	<u>Cash Bond</u>
Additions:	\$ -
Deductions:	<u>-</u>
Net change in cash balance	-
Cash balance beginning of year	<u>6,100</u>
Cash balance end of year, held for contractor bonds paid	<u><u>\$ 6,100</u></u>

See notes to financial statements.

# CITY OF CLIVE

## Notes to Financial Statements

June 30, 2005

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clive is a political subdivision of the State of Iowa located in Polk and Dallas Counties. It was first incorporated in 1956 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, public improvements and general services. The City also provides water and sewer utilities for its citizens.

#### A. Reporting Entity

For financial reporting purposes, the City of Clive has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City of Clive has no component units which meet the Governmental Accounting Standards Board criteria.

#### Jointly Governed Organization

The City also participates in a jointly governed organization that provides goods or services to the citizenry of the City but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the Central Iowa Automated Mapping project.

#### Joint Ventures

The city participates in several joint ventures that provide goods or services to the citizenry of the City and meet the criteria of a joint venture because there is an ongoing financial interest or responsibility by the participating governments. The City is a member of the following joint ventures: (Note 13) The Des Moines Metro Waste Authority, the Des Moines Metropolitan Transit Authority, the City of West Des Moines and the City of Clive Joint Fire Station and Emergency Medical Services Facility (Note 5), the Wastewater Reclamation Authority (Note 4), the Metropolitan Planning Organization, the Convention Visitors Bureau, and the Greater Des Moines Sports Authority.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2005

#### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### B. Basis of Presentation - Continued

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2005

#### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **B. Basis of Presentation - Continued**

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

##### **C. Measurement Focus and Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

##### **D. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

#### **(2) CASH AND POOLED INVESTMENTS**

The City's deposits in banks at June 30, 2005, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

# CITY OF CLIVE

## Notes to Financial Statements - Continued

June 30, 2005

### (2) CASH AND POOLED INVESTMENTS - CONTINUED

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. The City's investments are all category 1 which means that the investments are insured or registered or the securities are held by the City or its agent in the City's name.

At June 30, 2005, the City had \$9,744,788 in a public funds money market account.

### (3) BONDS PAYABLE AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation bonds and revenue bonds are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 2,080,000	\$ 682,190	\$ 232,824	\$ 17,562	\$ 2,312,824	\$ 699,752
2007	2,020,000	628,224	253,971	10,857	2,273,971	639,081
2008	2,100,000	580,854	230,762	3,653	2,330,762	584,507
2009	1,625,000	529,320	-	-	1,625,000	529,320
2010	1,520,000	475,360	-	-	1,520,000	475,360
2011	1,450,000	418,911	-	-	1,450,000	418,911
2012	1,305,000	365,610	-	-	1,305,000	365,610
2013	1,260,000	319,242	-	-	1,260,000	319,242
2014	1,290,000	274,455	-	-	1,290,000	274,455
2015	915,000	227,675	-	-	915,000	227,675
2016	955,000	198,550	-	-	955,000	198,550
2017	1,000,000	167,623	-	-	1,000,000	167,623
2018	785,000	134,530	-	-	785,000	134,530
2019	580,000	99,450	-	-	580,000	99,450
2020	605,000	71,645	-	-	605,000	71,645
2021	635,000	42,130	-	-	635,000	42,130
2022	230,000	11,040	-	-	230,000	11,040
Total	<u>\$20,355,000</u>	<u>\$5,226,809</u>	<u>\$ 717,557</u>	<u>\$ 32,072</u>	<u>\$21,072,557</u>	<u>\$5,258,881</u>

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2005

#### (3) BONDS PAYABLE AND NOTES PAYABLE - CONTINUED

Issue, costs and advances of current year bond issues are as follows:

Gross bond issues	\$ 4,300,000
Less: underwriter's discount	(20,004)
Accrued interest	<u>6,224</u>
Net bond proceeds	\$ <u>4,286,220</u>

The City paid \$1,012,970 in interest on debt obligations for the year ended June 30, 2005.

The City entered into an agreement with the Des Moines Water Works for the construction of the Westside Storage Facility Project. Per the agreement, the City's proportionate share of the Des Moines Water Works Bonds, Series 1992A issued by the Des Moines Water Works was originally estimated to be \$2,238,000. During 2001, the actual value of the City's proportionate share was determined to be \$2,470,636. At this time the interest rates on the bond was also adjusted and a new Series 2001 bond issue was used to retire the remaining balance on the 1992 Series, except for \$205,754, which was considered additional amounts due for prior year. This additional amount is to be paid over six years with a final payment on December 1, 2007.

When the 2001 Series was issued, the City's proportionate share of the bond issue was \$1,158,089. This represented a reduction on the 1992 Series and a new obligation on the 2001 Series. The interest rates on the bonds vary from 3.00% to 3.60%.

The urban renewal tax increment revenue bonds were issued for the purpose of defraying a portion of the costs of carrying out urban renewal projects of the City. The bonds are payable solely from the income and proceeds of the Urban Renewal Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal areas. The bonds are not a general obligation of the City, however the debt is subject to the constitutional debt limitation of the City. The bonds were called and paid off during the year ended June 30, 2005.

Resolutions authorizing the issuance of the tax increment revenue bonds include the following provisions:

- (a) The City has adopted an ordinance for the division of taxes levied on property in the Clive Urban Renewal Area which establishes the urban renewal tax increment account.
- (b) The bonds are payable solely from income and proceeds of the urban renewal tax increment account.
- (c) Principal and interest are required to be paid first on the Series 1992 Bonds.

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2005

#### (3) BONDS PAYABLE AND NOTES PAYABLE - CONTINUED

The City along with the City of Urbandale and City of West Des Moines entered into a loan agreement with the Iowa Department of Management. The cities received a local government innovation fund loan for the purpose of the development and implementation of a system to conduct emergency services training in one location while having training viewed simultaneously and via video recording. The total loan award was for \$100,000 with the City of Clive's portion representing one-third (1/3) or \$33,333. The loan carries a 2% interest rate.

A summary of the City's share of the loan principal and interest maturities is as follows:

<u>June 1</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 6,405	\$ 667
2006	6,533	539
2007	6,664	408
2008	6,797	275
2009	6,934	139
	<u>\$ 33,333</u>	<u>\$ 2,028</u>

#### (4) WASTEWATER RECLAMATION AUTHORITY (WRA)

The WRA group was established for the primary purpose of planning, constructing, operating and managing sewer related facilities in order to solve the adjoining municipalities' waste water problems.

The WRA, as an autonomous entity, was developed as the result of a joint venture agreement between the City of Des Moines and surrounding municipalities. The City of Des Moines was designated as the operating agency for the WRA and, as such, is responsible for accounting for all disbursements relating to these projects.

The WRA issues long-term debt. The City of Clive annually pays a portion of the bonds and interest due based on a calculated percentage, approximately 4% for June 30, 2005. The WRA plans to issue more bonds in the future. The City of Clive's percentage share of the outstanding bonds is adjusted annually by the WRA as new members begin to participate and projects are completed.

A summary of the City's share of the bond principal and interest maturities is as follows:

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2005

#### (4) WASTEWATER RECLAMATION AUTHORITY (WRA) - CONTINUED

Year Ending June 30,	Principal	Interest	Total
2006	\$ 52,545	\$ 199,644	\$ 252,189
2007	113,248	197,673	310,921
2008	117,340	193,668	311,008
2009	121,627	189,332	310,959
2010	126,420	184,735	311,155
Post 2010	3,729,613	2,662,569	6,392,182
Total	<u>\$4,260,793</u>	<u>\$3,627,621</u>	<u>\$7,888,414</u>

The total interest paid may vary each year and actual principal payments vary due to discounts and interest credits applied.

During the year ended June 30, 2005, the City paid \$53,206 and \$21,704 in principal and interest, respectively. The City is also obligated to remit a share of operating and administration costs. During the year ended June 30, 2005 those costs totaled \$699,894. The City received refunds totaling \$86,000 from the WRA.

On April 29, 2004 the City approved a new amended and restated agreement to be effective July 1, 2004. This agreement transfers certain facilities from the City of Des Moines to the WRA and establishes a pro rata ownership interest in the facilities by the City. New bonds were issued for the purpose of acquiring the foregoing rights and interests to the transferred assets.

During the year ended June 30, 2005, the WRA issued its 2004A Series Sewer Revenue Bonds. This issue was used to acquire existing facilities, rights and other property comprising the WRA system pursuant to the amended and restated agreement and refunding prior WRA debt. The City's portion of the 2004A bond issue was \$139,401.

On June 1, 2005, the WRA issued Sewer Revenue Bonds, Series 2004B to be used for expansion of the WRA system. The City's portion of this bond issue was \$3,667,981. However, the amounts due under this issue for each city will vary in the future based on the usage of all of the cities through 2034.

Complete financial statements for WRA can be obtained from the WRA.

#### WRA Facility Cost Reimbursement Agreement

The Cities of Clive and West Des Moines are parties to the WRA Agreement dated February 19, 1979, which imposes costs on both entities as users of the Des Moines WRA Region Wastewater Treatment Plant and the sewer lines and facilities comprising the WRA system. The City of Clive has made certain portions of its sanitary sewer facilities connected to the WRA system available to the City of West Des Moines.



## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2005

#### (4) WASTEWATER RECLAMATION AUTHORITY (WRA) - CONTINUED

The City of West Des Moines is obligated to reimburse the City of Clive based upon their sewer usage. During the fiscal year ended June 30, 2005, the City of Clive received reimbursement of \$54,107 for that period.

#### (5) JOINT FIRE STATION AND EMERGENCY MEDICAL SERVICES FACILITY

The joint facility with the City of West Des Moines was established for the purpose of constructing, operating and managing a fire station and emergency medical services facility. The joint facility was developed as the result of a 28E agreement between the City of Clive and the City of West Des Moines. The City of West Des Moines was designated the "Lead Agency" and, as such, is responsible for accounting for all disbursements relating to the project.

To date, \$2,000,000 worth of bonds have been issued by the City of West Des Moines. The City of Clive will annually pay forty-seven percent of the bonds and interest due.

The future maturities of the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 47,000	\$ 13,349	\$ 60,349
2007	47,000	11,508	58,508
2008	47,000	9,666	56,666
2009	47,000	7,825	54,825
2010	47,000	5,984	52,984
2011	47,000	4,143	51,143
2012	47,000	2,302	49,302
2013	23,500	460	23,960
Total	<u>\$ 352,500</u>	<u>\$ 55,237</u>	<u>\$ 407,737</u>

During the year ended June 30, 2005, the City paid \$47,000 and \$15,190 in principal and interest, respectively. The City is also obligated to remit a share of operating and administration costs. During the year ended June 30, 2005, these costs totaled \$391,680.

In accordance with the Joint Facility Agreement, legal title to the joint facility is held by the City of West Des Moines for the benefit and use of the communities.

Complete financial statements for the City of West Des Moines can be obtained from the City Clerk's office at the City of West Des Moines.

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2005

#### (6) PENSION AND RETIREMENT SYSTEMS

##### Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104<sup>th</sup> St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2005, 2004 and 2003 were \$265,092, \$202,699, and \$154,307 respectively, which met the required minimum contribution for each year.

##### IPERS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll except for protection class employees, in which case the percentages are 6.16% and 9.23%, respectively. For the year ended June 30, 2004, the contribution rates for protection class employees and the City were 5.93% and 8.907%, respectively and for the year ended June 30, 2003, the contribution rates for protection class employees and the City were 6.04% and 9.07%, respectively. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$225,223, \$199,909 and \$184,909, respectively, equal to the required contributions for each year.

#### (7) COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination or retirement. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, comp time and fluctuating holiday termination payments payable to employees at June 30, 2005, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$136,767
Other	55,307

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2005

#### **(7) COMPENSATED ABSENCES - CONTINUED**

Sick leave is payable when used or upon retirement if the employee is over fifty-five years of age. If paid upon retirement, payment is made for up to 50 percent of accrued sick leave, not to exceed 45 days. Compensated absences are not paid at death. This liability has been computed based on rates of pay in effect at June 30, 2005.

#### **(8) INDUSTRIAL DEVELOPMENT REVENUE BONDS**

The City has issued a total of \$7,500,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$7,500,000 is outstanding at June 30, 2005. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

#### **(9) ECONOMIC DEVELOPMENT**

The City has entered into various development agreements. These agreements call for the City to make economic development tax rebate payments each year out of incremental taxes received by the City. These arrangements run for 5 to 10 years. Payments totaling \$916,834 were made during the year ended June 30, 2005 under these agreements.

#### **(10) CONSTRUCTION CONTRACTS**

The City has entered into various construction contracts totaling approximately \$9,244,900. The unpaid contract balances as of June 30, 2005 totaled approximately \$2,669,066 which will be paid as work on the projects progresses.

#### **(11) RISK MANAGEMENT**

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 384.12 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 509 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2005

#### **(11) RISK MANAGEMENT - CONTINUED**

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2005 were \$150,580.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with workmen's compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2005

#### **(12) COMMUNITY ECONOMIC BETTERMENT ACCOUNT (CEBA) LOAN**

During the year ended June 30, 2001, the City received \$375,000 from the Iowa Department of Economic Development under a CEBA forgivable loan agreement and advanced the proceeds to Quality Consulting, Inc. A forgivable loan agreement has been executed between the Department of Economic Development, the City of Clive and Quality Consulting, Inc. The City's liability for repayment of this note to the State of Iowa, Department of Economic Development, is limited to those amounts the City collects through its good faith enforcement of the security interest which secures its loan to Quality Consulting, Inc.

#### **(13) JOINT VENTURES**

##### **(a) DES MOINES METROPOLITAN TRANSIT AUTHORITY**

The City, in conjunction with other local cities, has created the Des Moines Metropolitan Transit Authority. The Des Moines Metropolitan Transit Authority board consists of an elected representative of the governing body of each participating governmental jurisdiction. The City paid the Des Moines Metropolitan Transit Authority \$21,475 during the year ended June 30, 2005 for its portion of services.

##### **(b) METRO WASTE AUTHORITY**

The City, in conjunction with various other municipalities, has created the Des Moines Metropolitan Area Solid Waste Agency. The Agency was established for the primary purpose of providing for the economic disposal, or collection and disposal, of solid waste produced or generated by each participant. In the event of withdrawal or dissolution, the net assets of the Agency will be prorated among the municipalities. The Agency is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction. During the year ended June 30, 2005, the City paid \$0 to the Metro Waste Authority.

##### **(c) STADIUM AGREEMENT**

A 28E agreement was signed between the Cities of Urbandale, Des Moines, West Des Moines, Windsor Heights, Clive, Johnston, Ankeny, and Altoona, and the County of Polk to assist the City of Des Moines in financing the reconstruction and renovation of Sec Taylor Stadium. The City of Des Moines issued \$8,710,000 of bonds to finance this project. The City of Des Moines pays the principal and interest on \$7,960,000 of the bonds and the principal and interest on the remaining \$750,000 of bonds is paid by the participating entities. The share paid by these other participating entities is based upon their proportion of hotel/motel tax revenues to the total of all hotel/motel tax revenues of the participating entities. The City of Clive's share of the principal and interest on the bonds was \$24,659 for the fiscal year ended June 30, 2005.

## **CITY OF CLIVE**

### **Notes to Financial Statements - Continued**

June 30, 2005

#### **(13) JOINT VENTURES - CONTINUED**

##### **(d) CONVENTION VISITORS BUREAU (CVB)**

An agreement was entered into by the Cities of Clive, various other metro area cities, and the County of Polk to establish an area-wide effort for the promotion of tourism and convention activities in the Greater Des Moines metropolitan area. Each government agrees to remit two-sevenths of their hotel/motel tax revenues for use by the CVB. During the fiscal year ended June 30, 2005, the City of Clive remitted \$291,984 to the CVB.

##### **(e) DES MOINES METROPOLITAN PLANNING ORGANIZATION (MPO)**

The City, in conjunction with three counties and various other metro cities has created the Des Moines Metropolitan Planning Organization (MPO). The MPO is organized as a separate legal entity pursuant to the provisions of Chapter 28E of the Code of Iowa, with the powers and purposes to carry out transportation planning activities for the metropolitan area. The City of Clive paid the MPO \$0 for its portion of the services during the year ended June 30, 2005.

##### **(f) WEST HELP**

An agreement was entered into by the cities of Clive, Johnston, Urbandale, West Des Moines and Windsor Heights to share certain costs for the operation of a West Homeowner Emergency Loan Program for housing rehabilitation within their respective communities. The City of West Des Moines is the coordinating agency for the program. During the fiscal year ended June 30, 2005, the City paid \$33,301 for its share of costs.

#### **(14) LEASES**

The City has entered into three cancelable lease agreements to lease water tower space to communication companies. The lease with US Cellular Operating Company commenced on August 31, 1987 for a term of twenty years. The lease was amended on April 1, 2000 and calls for payment of \$400 per month. Under the terms of the lease, the lessee has the option to renew for two additional five year terms at the current monthly rate as adjusted by the Consumer Price Index.

On March 18, 1996, the City executed a five year lease, with three additional five year renewal options, with MajorCo, L.P. Annual rent under the term of the lease is \$5,280.

The City has also executed a lease with Voicestream PCS I LLC. The initial lease term is for a period of five years, terminating on October 28, 2001 and renewed for five years. Under the terms of the lease agreement the lease will automatically be renewed for five additional five year terms unless the tenant notifies the City in writing. Annual rent is \$10,350 upon the first automatic renewal occurring in October, 2001.

## CITY OF CLIVE

### Notes to Financial Statements - Continued

June 30, 2005

#### (14) LEASES - CONTINUED

Future minimum lease collections are as follows:

2006	\$ 17,787
2007	12,563
2008	4,800

#### (15) IOWA EVENTS CENTER

An agreement was entered into by the City and Polk County, Iowa to commit City funding for the financing of the construction of the Iowa Events Center Project in Des Moines. The City is to provide a grant of \$625,000 to be used by the County for the project. The funds are to be advanced over 10 years with payments beginning the fiscal year ending June 30, 2004. Payments totaling \$62,500 were paid during the year ended June 30, 2005.

#### (16) SUBSEQUENT EVENT

In July, 2005, the City approved issuance of \$14,255,000 of General Obligation bonds to fund a variety of City projects.

#### (17) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
General	Internal Service	\$ 281,580
	Capital Projects	335,857
	Enterprise:	
	Water	100,000
	Sewer	<u>100,000</u>
		<u>817,437</u>
Special Revenue:	Special Revenue:	
Urban Renewal Tax Increment	TIF Debt Service	545,000
	TIF Reserve	500
	Urban Renewal Tax Increment	56,000
	Capital Projects	<u>178,964</u>
		<u>780,464</u>

# CITY OF CLIVE

## Notes to Financial Statements - Continued

June 30, 2005

### (17) INTERFUND TRANSFERS - CONTINUED

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 43,803
	Enterprise:	
	Water	<u>454,897</u>
		<u>498,700</u>
Capital Projects	General	478,000
	Special Revenue:	
	Urban Renewal Tax Increment	25,000
	Park Donations	70,651
	Debt Service	10
	Capital Projects	577,093
	Enterprise:	
	Sewer	150,000
	Water	<u>103,754</u>
		<u>1,404,508</u>
Enterprise:	Enterprise:	
Sewer	Sewer Revenue Sinking	<u>2</u>
		<u>2</u>
Internal Service	General	<u>325,000</u>
Total		<u>\$ 3,826,111</u>

Transfers generally move resources from the fund required to collect the resources to the fund statutorily required to disburse the resources.



### **Required Supplementary Information**

**CITY OF CLIVE**

Required Supplementary Information  
Budgetary Comparison Schedule  
of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Year ended June 30, 2005

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Net	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
					Original	Final	
Receipts:							
Property tax	\$7,490,673	\$ -	\$ -	\$7,490,673	\$7,340,303	\$7,340,303	\$ 150,370
Tax increment financing collections	2,693,206	-	-	2,693,206	2,615,986	2,615,986	77,220
Other City tax	1,021,944	-	-	1,021,944	1,127,714	1,227,714	(205,770)
Licenses and permits	452,787	-	-	452,787	450,000	474,900	(22,113)
Uses of money and property	370,451	-	-	370,451	390,500	428,100	(57,649)
Intergovernmental	4,709,376	-	-	4,709,376	1,159,793	1,180,793	3,528,583
Charges for service	1,442,860	3,852,993	-	5,295,853	5,992,800	6,432,100	(1,136,247)
Special assessments	137,366	-	-	137,366	102,669	102,669	34,697
Miscellaneous	327,805	260,462	-	588,267	-	-	588,267
Total receipts	18,646,468	4,113,455	-	22,759,923	19,179,765	19,802,565	2,957,358
Disbursements:							
Public safety	4,245,956	-	-	4,245,956	4,332,889	4,512,289	266,333
Public works	1,707,989	-	-	1,707,989	1,462,109	1,820,309	112,320
Health and social services	25,369	-	-	25,369	27,752	27,752	2,383
Culture and recreation	2,606,882	-	-	2,606,882	2,654,389	2,658,589	51,707
Community and economic development	5,141,749	-	-	5,141,749	3,320,003	5,866,603	724,854
General government	1,593,672	-	-	1,593,672	1,647,937	2,689,937	1,096,265
Debt service	2,175,511	-	-	2,175,511	2,122,266	2,345,266	169,755
Capital projects	6,554,904	-	-	6,554,904	7,286,706	11,169,706	4,614,802
Business-type activities	-	3,208,966	-	3,208,966	3,955,506	3,969,506	760,540
Non-program	-	-	-	-	-	-	-
Total disbursements	24,052,032	3,208,966	-	27,260,998	26,809,557	35,059,957	7,798,959
Excess (deficiency) of receipts over (under) disbursements	(5,405,564)	904,489	-	(4,501,075)	(7,629,792)	(15,257,392)	10,756,317
Other financing sources (uses), net	5,207,420	(865,231)	(43,420)	4,298,769	5,305,000	8,130,000	(3,831,231)
Excess (deficiency) of receipts over (under) disbursements and other financing uses:	(198,144)	39,258	(43,420)	(202,306)	(2,324,792)	(7,127,392)	6,925,086
Balances beginning of year	9,861,720	2,959,106	-	12,820,826	13,246,739	13,246,739	(425,913)
Balances end of year	\$9,663,576	\$2,998,364	\$(43,420)	\$12,618,520	\$10,921,947	\$ 6,119,347	\$ 6,499,173

See accompanying independent auditor's notes.

## **CITY OF CLIVE**

### **Required Supplemental Information**

#### **Notes To Required Supplementary Information - Budgetary Reporting**

**June 30, 2005**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital project funds and permanent funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted disbursements by \$8,250,400. This budget amendment is reflected in the final budgeted amounts.

## **Other Supplementary Information**

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2005

	Special Revenue					
	Road Use Tax	Forfeitures	TIF Reserve	Park Donations	Library	Total
Receipts:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other City tax	-	-	-	-	-	-
Use of money and property	-	-	-	647	-	647
Intergovernmental	1,069,838	-	-	-	-	1,069,838
Special assessments	-	-	-	-	-	-
Miscellaneous	(511)	31,382	-	-	11,811	42,682
Total receipts	1,069,327	31,382	-	647	11,811	1,113,167
Disbursements:						
Operating:						
Public safety	-	22,474	-	-	-	22,474
Public works	1,036,732	-	-	-	-	1,036,732
Health and social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	10,968	10,968
Community and economic development	-	-	-	-	-	-
General government	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total disbursements	1,036,732	22,474	-	-	10,968	1,070,174
Excess (deficiency) of receipts over (under) disbursements	32,595	8,908	-	647	843	42,993
Other financing sources (uses):						
Operating transfer in	-	-	-	-	-	-
Operating transfer out	-	-	(545,000)	(70,651)	-	(615,651)
Total other financing uses	-	-	(545,000)	(70,651)	-	(615,651)
Net change in cash balances	32,595	8,908	(545,000)	(70,004)	843	(572,658)
Cash balances beginning of year	284,345	12,635	545,000	70,004	9,583	921,567
Cash balances end of year	\$ 316,940	\$ 21,543	\$ -	\$ -	\$ 10,426	\$ 348,909
Cash Basis Fund Balances						
Unreserved:						
Special revenue funds	\$ 316,940	\$ 21,543	\$ -	\$ -	\$ 10,426	\$ 348,909
Total cash basis fund balances	\$ 316,940	\$ 21,543	\$ -	\$ -	\$ 10,426	\$ 348,909

See accompanying independent auditor's notes.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds

As of and for the year ended June 30, 2005

	Hickman Rd Signal Int	Fiber Optics	Fire/PW Land	50 <sup>th</sup> Anniversary	Dymond Public Safety	Library	Raccoon River Trail	Campbell Park Field Lights	CC Glen Park	86 <sup>th</sup> St Playground	Aquatics Facility	Trail Paving	Maddox Parkway Phase 3
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ -	\$ 6,328	\$ -	\$ 3,689	\$ -	\$ -	\$ 207	\$ 14,027	\$ 611	\$ 2,797	\$ 2,541	\$ -
Intergovernmental	38,504	-	-	-	-	-	-	-	622	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	-	50	-	-	-	61	1,028	-	4,816	-	-
Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	38,504	-	6,328	50	3,689	-	-	268	15,677	611	7,613	2,541	-
Disbursements:	12,113	-	-	-	6,783	-	-	62,630	171,855	-	27,208	5,456	-
Excess (deficiency) of receipts over (under) disbursements	26,391	-	6,328	50	(3,094)	-	-	(62,362)	(156,178)	611	(19,595)	(2,915)	-
Other financing sources:													
Bond Proceeds	-	-	-	-	-	-	-	-	230,000	-	-	50,000	-
Operating transfers in	-	100,000	-	-	-	-	-	-	70,651	25,000	-	14,683	-
Operating transfers (out)	(10,000)	-	(40,000)	-	-	-	(14,683)	-	(58,857)	-	(294,658)	-	(16,589)
	(10,000)	100,000	(40,000)	-	-	-	(14,683)	-	241,794	25,000	(294,658)	64,683	(16,589)
Net change in cash balances	16,391	100,000	(33,672)	50	(3,094)	-	(14,683)	(62,362)	85,616	25,611	(314,253)	61,768	(16,589)
Cash balances beginning of year	3,380	-	130,121	-	76,467	53,853	14,683	68,902	223,292	-	314,253	-	16,589
Cash balances end of year: unreserved	\$ 19,771	\$ 100,000	\$ 96,449	\$ 50	\$ 73,373	\$ 53,853	\$ -	\$ 6,540	\$ 308,908	\$ 25,611	\$ -	\$ 61,768	\$ -

See accompanying independent auditor’s report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds - Continued

As of and for the year ended June 30, 2005

	Welcome Sign	Wildwood Campbell Park	Benchmarks	Com Rec Center	Sewer Rehab	Radio Read Meter System	Indian Hills Sewer	Sewer Control Plant	University Widening 138 <sup>th</sup>	NW 156 <sup>th</sup> St	HWY 6 Sec 5/128/ Mitigation	Clive/ USSD Joint Sewer	North Water Tower
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ -	\$ 4,031	\$ -	\$ 2,884	\$ -	\$ -	\$ 39,359	\$ -	\$ -	\$ 4,870	\$ -	\$ 32,537
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	20,859	-	-
Miscellaneous:													
Refunds and reimbursements	14,832	-	-	-	-	-	-	-	-	-	-	-	5,258
Fees	-	-	-	-	-	-	-	60,832	-	-	-	-	-
	14,832	-	-	-	-	-	-	60,832	-	-	-	-	5,258
Total receipts	14,832	-	4,031	-	2,884	-	-	100,191	-	-	25,729	-	37,795
Disbursements:	-	10,295	-	39,090	92,200	138,681	50,911	-	-	-	322,038	-	1,044,474
Excess (deficiency) of receipts over (under) disbursements	14,832	(10,295)	4,031	(39,090)	(89,316)	(138,681)	(50,911)	100,191	-	-	(296,309)	-	(1,006,679)
Other financing sources:													
Bond Proceeds	-	-	100,000	-	-	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	40,000	100,000	103,754	57,911	50,000	-	-	22,483	-	-
Operating transfers (out)	-	-	-	-	-	-	(7,000)	(57,911)	(91,796)	(187,168)	-	-	-
	-	-	100,000	40,000	100,000	103,754	50,911	(7,911)	(91,796)	(187,168)	22,483	-	-
Net change in cash balances	14,832	(10,295)	104,031	910	10,684	(34,927)	-	92,280	(91,796)	(187,168)	(273,826)	-	(1,006,679)
Cash balances beginning of year	4,200	22,893	-	-	110,169	16,302	-	930,374	91,796	187,168	379,133	67,742	1,381,343
Cash balances end of year: unreserved	\$ 19,032	\$ 12,598	\$ 104,031	\$ 910	\$ 120,853	\$ (18,625)	\$ -	\$1,022,654	\$ -	\$ -	\$ 105,307	\$ 67,742	\$ 374,664

See accompanying independent auditor’s report.

CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds - Continued

As of and for the year ended June 30, 2005

	100 <sup>th</sup> St Pave Replace	Boston Parkway Round	Sidewalk Safety	100 <sup>th</sup> & Hickman Inter	Ladco/ DOT Project	NW 128th Pave Phase III	Woodlands Parkway Pave	Clark St Paving Replace	University Ave Wide @I-35	NW 86 <sup>th</sup> Revitaliz	Highway 6 Sect 6	Municipal Centre	Information System
Receipts:													
Use of money and property:													
Interest on investments	\$ -	\$ 2,294	\$ 4,959	\$ 1,220	\$ -	\$ -	\$ 799	\$ 305	\$ 26,533	\$ 8,974	\$ 361	\$ 8,388	\$ 1,399
Intergovernmental	-	-	-	-	-	-	-	-	3,434,337	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous:													
Refunds and reimbursements	-	-	1,450	-	-	-		6,969	-	-	-	-	-
Fees	-	-	-	-	-	-	355	-	-	-	-	-	-
	-	-	1,450	-	-	-	355	6,969	-	-	-	-	-
Total receipts	-	2,294	6,409	1,220	-	-	1,154	7,274	3,460,870	8,974	361	8,388	1,399
Disbursements:	11,323	-	116,846	(3,991)	84	260	821,151	388,259	3,100,173	72,843	-	64,222	-
Excess (deficiency) of receipts over (under) disbursements	(11,323)	2,294	(110,437)	5,211	(84)	(260)	(819,997)	(380,985)	360,697	(63,869)	361	(55,834)	1,399
Other financing sources:													
Bond Proceeds	-	-	100,000	-	-	-	400,000	359,000	504,372	250,000	-	-	-
Operating transfers in	16,589	-	-	-	-	7,472	450,000	-	-	-	-	294,658	28,000
Operating transfers (out)	-	-	-	-	-	-	(10,000)	(7,472)	(250,000)	-	(22,483)	-	-
	16,589	-	100,000	-	-	7,472	840,000	351,528	254,372	250,000	(22,483)	294,658	28,000
Net change in cash balances	5,266	2,294	(10,437)	5,211	(84)	7,212	20,003	(29,457)	615,069	186,131	(22,122)	238,824	29,399
Cash balances beginning of year	-	32,746	78,657	45,919	13,531	-	150	29,457	491	23,564	22,122	-	37,332
Cash balances end of year: unreserved	\$ 5,266	\$ 35,040	\$ 68,220	\$ 51,130	\$ 13,447	\$ 7,212	\$ 20,153	\$ -	\$ 615,560	\$ 209,695	\$ -	\$ 238,824	\$ 66,731

See accompanying independent auditor’s report.



CITY OF CLIVE

Schedule of Cash Receipts, Disbursements and Changes in Cash Balances  
Capital Project Funds - Continued

As of and for the year ended June 30, 2005

	Signal Light	114 <sup>th</sup> & Forest	Wat/Sew 120 <sup>th</sup>	Emerald Isle/ McNabb	128 <sup>th</sup>	University Ave 94 <sup>th</sup>	University Ave 138th-142nd	156 <sup>th</sup> St Paving	Total
Receipts:									
Use of money and property:									
Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,113
Intergovernmental	-	-	-	-	-	-	-	-	3,473,463
Special assessments	505	22,356	-	5,230	2,850	2,037	50,254	33,275	137,366
Miscellaneous:									
Refunds and reimbursements	-	-	-	-	-	-	-	-	34,464
Fees	-	-	-	-	-	-	-	-	61,187
	-	-	-	-	-	-	-	-	95,651
Total receipts	505	22,356	-	5,230	2,850	2,037	50,254	33,275	3,875,593
Disbursements:	-	-	-	-	-	-	-	-	(6,554,904)
Excess (deficiency) of receipts over (under) disbursements	505	22,356	-	5,230	2,850	2,037	50,254	33,275	(2,679,311)
Other financing sources:									
Bond Proceeds	-	-	-	-	-	-	-	-	1,993,372
Operating transfers in	-	-	10	-	-	-	-	23,297	1,404,508
Operating transfers (out)	(532)	(21,999)	(9,478)	(8,745)	(3,049)	(23,297)	-	-	(1,135,717)
	(532)	(21,999)	(9,468)	(8,745)	(3,049)	(23,297)	-	23,297	2,262,163
Net change in cash balances	(27)	357	(9,468)	(3,515)	(199)	(21,260)	50,254	56,572	(417,148)
Cash balances beginning of year	532	23,734	9,468	8,189	3,049	25,533	51,733	-	4,498,867
Cash balances end of year: unreserved	\$ 505	\$ 24,091	\$ -	\$ 4,674	\$ 2,850	\$ 4,273	\$ 101,987	\$ 56,572	\$ 4,081,719

See accompanying independent auditor's report.

## CITY OF CLIVE

## Schedule of Indebtedness

Year ended June 30, 2005

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
Essential corporate purpose	Oct 1, 1995	4.75%	\$ 1,500,000	\$ 375,000	\$ -	\$ 175,000	\$ 200,000	\$ 17,812	\$ -
Refunding	Dec 1, 1997	4.45 - 4.70	1,640,000	965,000	-	145,000	820,000	43,734	-
Essential corporate purpose	Jun 1, 1999	4.20 - 4.70	4,440,000	3,365,000	-	275,000	3,090,000	150,328	-
Essential corporate purpose	Sep 1, 2000	4.55 - 4.75	1,450,000	1,085,000	-	135,000	950,000	50,264	-
Essential corporate purpose	Sep 1, 2001	4.375 - 5.00	4,950,000	4,535,000	-	220,000	4,315,000	211,054	-
Essential corporate purpose	Dec 1, 2002	2.75 - 5.00	1,575,000	1,525,000	-	100,000	1,425,000	59,602	-
Urban renewal	Jul 1, 2002	3.00 - 4.80	3,000,000	2,890,000	-	110,000	2,780,000	117,439	-
Essential corporate purpose	Dec 1, 2003	1.80 - 3.95	2,665,000	2,665,000	-	190,000	2,475,000	122,031	-
Essential corporate purpose	Oct 1, 2004	2.20 - 3.95	2,330,000	-	2,330,000	-	2,330,000	53,147	-
Refunding	Mar 1, 2005	2.00 - 2.60	1,970,000	-	1,970,000	-	1,970,000	-	-
Total				\$17,405,000	\$4,300,000	\$ 1,350,000	\$20,355,000	\$ 825,411	\$ -
Revenue bonds:									
Des Moines Water Works (See Note 3)									
1992 Series	Dec 1, 1991	N/A	\$ 191,399	\$ 135,614	-	\$ 30,034	\$ 105,580	\$ -	\$ -
2001 Series	Oct 1, 2001	3.15 - 3.60%	1,158,089	803,251	-	191,274	611,977	24,175	-
Total				\$ 938,865	\$ -	\$ 221,308	\$ 717,557	\$ 24,175	\$ -
Urban renewal tax increment financing (TIF) revenue bonds	Dec 1, 1998	3.90 - 4.20%	\$ 5,450,000	\$ 3,055,000	\$ -	\$ 3,055,000	\$ -	\$ 125,375	\$ -
Loans:									
Wastewater reclamation authority (See Note 7)	Varies	2.31 - 10.15%	Varies	\$ 657,535	\$3,817,472	\$ 193,975	\$ 4,281,032	\$ 21,704	\$ -
Iowa Department of Management	Jun 1, 2019	2.00%	\$ 33,333	-	33,333	-	33,333	-	-
City of West Des Moines	Sep 28, 1992	3.975%	940,000	399,500	-	47,000	352,500	15,190	-
Total				\$ 1,057,035	\$3,850,805	\$ 240,975	\$ 4,666,865	\$ 36,894	\$ -
Capital Lease:									
Equipment	Feb 27, 2004	7.475%	\$ 22,930	\$ 18,268	\$ -	\$ 7,442	\$ 10,826	\$ 1,114	\$ -

See accompanying independent auditor's report.

CITY OF CLIVE

Bond Maturities

June 30, 2005

Year Ending June 30,	General Obligation Bonds													
	Essential		Essential		Essential		Essential		Essential		Essential		Essential	
	Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose		Corporate Purpose	
	Issued December 1, 2003		Issued October 1, 1995		Issued December 1, 2002		Issued June 1, 1999		Issued June 1, 2000		Issued September 1, 2001		Issued December 1, 1997	
	Interest		Interest		Interest		Interest		Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount
2006	1.80 %	\$ 165,000	4.75%	\$ 200,000	2.75%	\$ 100,000	4.20%	\$ 285,000	4.55 %	\$ 140,000	4.375	235,000	4.45	\$ 150,000
2007	2.125	165,000	-	-	3.00	100,000	4.30	300,000	4.60	145,000	4.375	245,000	4.50	155,000
2008	2.40	170,000	-	-	3.25	100,000	4.40	315,000	4.625	155,000	4.375	260,000	4.50	165,000
2009	2.65	175,000	-	-	3.30	100,000	4.45	325,000	4.65	160,000	4.50	265,000	4.60	170,000
2010	2.85	130,000	-	-	3.50	100,000	4.50	340,000	4.70	170,000	4.50	280,000	4.70	180,000
2011	3.15	185,000	-	-	3.70	100,000	4.60	355,000	4.75	180,000	4.625	295,000	-	-
2012	3.35	190,000	-	-	3.90	100,000	4.60	370,000	-	-	4.50	300,000	-	-
2013	3.45	195,000	-	-	4.00	100,000	4.60	390,000	-	-	4.60	220,000	-	-
2014	3.50	205,000	-	-	4.20	65,000	4.70	410,000	-	-	4.70	235,000	-	-
2015	3.60	210,000	-	-	4.40	70,000	-	-	-	-	4.75	245,000	-	-
2016	3.70	220,000	-	-	4.60	75,000	-	-	-	-	4.75	255,000	-	-
2017	3.80	230,000	-	-	4.75	75,000	-	-	-	-	4.80	270,000	-	-
2018	3.90	235,000	-	-	4.85	80,000	-	-	-	-	4.85	280,000	-	-
2019	-	-	-	-	5.00	85,000	-	-	-	-	4.90	295,000	-	-
2020	-	-	-	-	5.00	85,000	-	-	-	-	5.00	310,000	-	-
2021	-	-	-	-	5.00	90,000	-	-	-	-	5.00	325,000	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		<u>\$2,475,000</u>		<u>\$ 200,000</u>		<u>\$1,425,000</u>		<u>\$3,090,000</u>		<u>\$ 950,000</u>		<u>\$4,315,000</u>		<u>\$ 820,000</u>

See accompanying independent auditor’s report.

CITY OF CLIVE

Bond Maturities - Continued

June 30, 2005

June 30,	General Obligation Bonds						Total	Revenue Bonds						Total
	Urban Renewal		Essential		Refunding			Des Moines Water Works		Des Moines Water Works				
	Street Improvement		Corporate Purpose		Notes			Series 1992		Series 2001				
	Issued July 1, 2002		Issued October 1, 2004		Issued March 1, 2005			Issued December 1, 1991		Issued October 1, 2001				
	Interest		Interest		Interest			Interest		Interest				
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount			
2006	3.00%	\$ 115,000	2.20%	\$ 100,000	2.00%	\$ 590,000	\$2,080,000	N/A	\$ 32,748	3.15%	\$ 200,076	\$ 232,824		
2007	3.00	120,000	2.60	170,000	2.20	620,000	2,020,000	-	44,993	3.40	208,978	253,971		
2008	3.50	125,000	3.00	175,000	2.40	635,000	2,100,000	-	27,839	3.60	202,923	230,762		
2009	3.50	125,000	3.20	180,000	2.60	125,000	1,625,000	-	-	-	-	-		
2010	3.62	135,000	3.25	185,000	-	-	1,520,000		<u>\$ 105,580</u>		<u>\$ 611,977</u>	<u>\$ 717,557</u>		
2011	3.75	140,000	3.50	195,000	-	-	1,450,000							
2012	3.85	145,000	3.60	200,000	-	-	1,305,000							
2013	4.00	150,000	3.60	205,000	-	-	1,260,000							
2014	4.10	160,000	3.60	215,000	-	-	1,290,000							
2015	4.15	165,000	3.70	225,000	-	-	915,000							
2016	4.25	170,000	3.80	235,000	-	-	955,000							
2017	4.35	180,000	3.95	245,000	-	-	1,000,000							
2018	4.45	190,000	-	-	-	-	785,000							
2019	4.55	200,000	-	-	-	-	580,000							
2020	4.65	210,000	-	-	-	-	605,000							
2021	4.70	220,000	-	-	-	-	635,000							
2022	4.80	<u>230,000</u>	-	<u>-</u>	-	<u>-</u>	<u>230,000</u>							
Total		<u>\$2,780,000</u>		<u>\$2,330,000</u>		<u>\$1,970,000</u>	<u>\$20,355,000</u>							

See accompanying independent auditor’s report.

## CITY OF CLIVE

Schedule of Receipts by Source and Disbursements by Function -  
All Governmental Fund Types

For the Last Four Years

	2005	2004	2003	2002
Receipts:				
Property and other City tax	\$ 8,512,617	\$ 8,166,807	\$ 7,935,596	\$ 7,106,232
Tax increment financing collections	2,693,206	1,745,504	1,520,177	1,075,090
Licenses and permits	452,787	459,969	471,596	457,554
Use of money and property	370,451	276,445	283,524	396,497
Intergovernmental	4,709,376	1,161,110	1,226,520	1,217,579
Charges for services	1,442,860	1,019,304	702,112	429,889
Special assessments	137,366	169,976	471,230	94,801
Miscellaneous	327,805	1,505,355	878,123	796,655
Total	<u>\$18,646,468</u>	<u>\$14,504,470</u>	<u>\$13,488,878</u>	<u>\$11,574,297</u>
Disbursements:				
Operating:				
Public safety	\$ 4,245,956	\$ 3,605,032	\$ 3,414,723	
Public works	1,707,988	1,435,145	1,281,472	
Health and social services	25,369	18,807	23,842	
Culture and recreation	2,606,883	1,989,581	1,666,934	
Community and economic development	5,141,749	2,159,455	2,125,341	
General government	1,593,672	1,505,804	1,123,128	
Debt service	2,175,511	2,890,141	2,626,186	
Capital projects	6,554,904	3,712,751	7,861,657	
Total	<u>\$24,052,032</u>	<u>\$17,316,716</u>	<u>\$20,123,283</u>	

Disbursements prior to 2003 were classified in activities under pre-GASB 34 rules using Community Protection, Human Development, Home and Community Environment and Policy and Administration functions.

See accompanying independent auditor's report.

## CITY OF CLIVE

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2005

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expendi- tures
Indirect:			
U.S. Department of Transportation:			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	1-03-STPU-009	\$2,578,869
U.S. Department of Homeland Security:			
Federal Emergency Management Agency			
Iowa Department of Public Safety:			
Disaster Relief	97.036	DR-1518-IA	<u>7,186</u>
			<u>2,586,055</u>
Direct:			
U.S. Department of Justice:			
COPS UHSA	16.710	2003UMWX0306	40,032
U.S. Department of Homeland Security			
Federal Emergency Management Agency:			
Assistance to Fire Fighters Grant	83.554	EMW-2004-FG-19989	<u>72,000</u>
			<u>112,032</u>
Total			<u>\$2,698,087</u>

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Clive and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with Government Auditing  
Standards**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Clive, Iowa as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated August 29, 2005. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Clive's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. Prior year reportable conditions have been resolved.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Clive's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Clive and other parties to whom the City of Clive may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Clive during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Martens & Company, CPA, P.C.*

West Des Moines, Iowa  
August 29, 2005





**MARTENS & COMPANY, CPA, P.C.**

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**Independent Auditor's Report on Compliance With Requirements  
Applicable to Each Major Program and on Internal Control Over Compliance  
in Accordance with OMB Circular A-133**

To the Honorable Mayor and  
Members of the City Council:

**Compliance**

We have audited the compliance of the City of Clive, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. The City of Clive's major federal program is identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Clive's management. Our responsibility is to express an opinion on the City of Clive's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Clive's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Clive's compliance with those requirements.

In our opinion, the City of Clive complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

**Internal Control Over Compliance**

The management of the City of Clive is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Clive's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grant agreements that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Clive and other parties to whom the City of Clive may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Martens + Company, CPA, P.C.*

West Des Moines, Iowa  
August 29, 2005

**CITY OF CLIVE**

Schedule of Findings

Year ended June 30, 2005

**Part I: Summary of the Independent Auditor's Results:**

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (e) The major program was CFDA Number 20.205 - Highway Planning and Construction.
- (f) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (g) The City of Clive did not qualify as a low-risk auditee.

**CITY OF CLIVE**

Schedule of Findings

Year ended June 30, 2005

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No matters were noted.

**CITY OF CLIVE**

Schedule of Findings

Year ended June 30, 2005

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCE OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITION:**

No matters of non-compliance.

## CITY OF CLIVE

### Schedule of Findings

Year ended June 30, 2005

#### **Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-05 Official Depositories - A resolution naming official depositories has been adopted by the City Council. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
- IV-B-05 Certified Budget - Disbursements during the year ended June 30, 2005 did not exceed budgeted amounts.
- IV-C-05 Questionable Disbursements - We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- IV-D-05 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- IV-E-05 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dennis Evans, Police Officer	Police Equipment Change Over and Setup	\$ 1,150

In accordance with Chapter 362.5(10) of the Code of Iowa, these transactions do not appear to represent a conflict of interest since total transactions with each individual was less than \$1,500 during the fiscal year.

- IV-F-05 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-G-05 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-H-05 Revenue Bonds - The City is in compliance with the provisions of the revenue bond resolution.
- IV-I-05 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

**CITY OF CLIVE**

Schedule of Findings

Year ended June 30, 2005

IV-J-05     Budgeted Debt Service - Debt service payments were included in the budget as community and economic development expenses since the payment of the debt was for TIF debt.

Recommendation - We believe these funds although budgeted would be more appropriately budgeted as debt service expenditures within the special revenue funds.

Response - We concur.

Conclusion - Response accepted.